

Kakuzi Limited

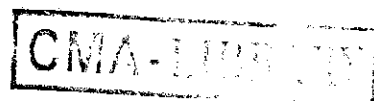
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Kakuzi Limited

COMPANY INFORMATION

DIRECTORS:

C.A. Gardner (Chairman) (British)
F.R. Bibby (Executive) (British)
P.C.B. Benson, M.B.E. (British)
Sir Charles Markham, Bt. (Kenyan)
Dr. B.M. Gecaga, C.B.S., (Kenyan)
M.C. Perkins, F.C.A. (British)

**SECRETARIES AND
REGISTRARS:**

Eastern Produce Kakuzi Services Limited,
College House, Koinange Street,
P.O. Box 30572,
Nairobi.

**LONDON TRANSFER
AGENTS:**

Kenya Commercial Bank Limited,
International Division,
London Representative Office,
24/25 New Bond Street,
London W1Y 9HD.

REGISTERED OFFICE:

College House, Koinange Street,
P.O. Box 30572,
Nairobi.

AUDITORS:

Gill & Johnson,
P.O. Box 40092,
Nairobi.

BANKERS:

Kenya Commercial Bank Limited,
P.O. Box 30081,
Nairobi.

SUBSIDIARY COMPANIES:

Siret Tea Company Limited	(100% owned)
Kaguru Limited	(100% owned)
Garton Limited	(51% owned)

2007/0003

Kakuzi Limited

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixty-third ANNUAL GENERAL MEETING of the members will be held at the Tinga Tinga Room, The Norfolk Hotel, Harry Thuku Road, Nairobi, on Friday 11th October 1991, at 11.30 a.m. for the following purposes:-

1. To confirm the minutes of the Annual General Meeting held on 21st September 1990.
2. To receive the accounts for the year ended 28th February 1991, together with the reports of the Directors and of the Auditors.
3. To confirm the interim dividend of 8% paid (payable to non- resident members) on 28th March 1991 and to declare a final dividend of 12%.
4. a) To elect Directors.
b) Mr. P. C.B. Benson, a Director who has attained the age of 70 years, retires under Section 186(2) of the Companies Act (Cap 486). Special notice has been received by the Company pursuant to Section 142 of the Companies Act (Cap 486) that the following ordinary resolution be proposed in accordance with Section 186(5) of the said Act:-
"That Mr. P.C.B. Benson, a Director who is over the age of 70 years, be re-elected a director of the company".
5. To confirm the Directors' remuneration.
6. To authorise the Board to fix the Auditors' remuneration.
7. To transact any other business which may be transacted at an Annual General Meeting.

By Order of the Board
EASTERN PRODUCE KAKUZI SERVICES LIMITED
Secretaries

NAIROBI
25th June 1991

Notes:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. A form of proxy is on the last page.

The Executive Director has a service contract with the company, a copy of which is available for inspection at the company's registered office during normal business hours from the date of this notice until the date of the annual general meeting when it will also be available during the meeting and at the place of the meeting for fifteen minutes prior thereto.

The final dividend will, if approved, be paid on 15th October 1991 to members on the register at the close of business on 30th September 1991. Payment to non-resident members is subject to approval from Central Bank of Kenya.

Kakuzi Limited

CHAIRMAN'S STATEMENT

This was a disappointing year for the Company. Although we made a modest profit on the coffee, despite a lower crop, profits on tea and livestock were substantially reduced and there was no exceptional income comparable to the profit on sale of land in the previous year. Consequently the profit after tax attributable to the Kakuzi shareholders declined by 25% from Shs. 33.9 to Shs. 25.4 million.

STATISTICS		1990/91	1989/90
COFFEE			
Kakuzi	Production	1,417 tonnes	1,585 tonnes
	Area	814 ha	850 ha
Garton (51% owned)	Production	295 tonnes	426 tonnes
	Area	284 ha	284 ha
TEA			
Siret and Kaboswa Estates			
from estate leaf		2,048,972 kgs of made tea	1,903,979 kgs
from bought leaf		163,369 kgs of made tea	85,668 kgs
Total		2,212,341 kgs of made tea	1,989,647 kgs
mature tea		872 ha	872 ha
immature tea		8 ha	8 ha
LIVESTOCK			
Cattle sold		1,088 head	1,019 head
Average price realised		Shs 6,810	Shs 5,233
Total herd at 28th February		5,876 head	6,792 head
HORTICULTURE			
Passion Fruit sold		184 tonnes	52 tonnes
Average Price		Shs 10/95 per kg	Shs 9/98 per kg

THE ESTATES

COFFEE

Production

The crop at Makuyu was down by 10%, mainly due to the wet weather early in 1990 which inhibited flowering for the late crop. We have also lost a significant number of bushes at the North West end of the property due to fusarium disease, which has spread from badly neglected neighbouring estates. Production on the 2 Garton estates, which have a more pronounced late cropping pattern, was much worse affected by the unusual weather.

Kakuzi Limited

CHAIRMAN'S STATEMENT *(Continued)*

Sales

There was a general improvement in auction levels attributable to reduced production of good washed arabicas world wide. Average receipts from the Coffee Board of Kenya were Shs. 39,540 per tonne for Kakuzi (1989/90 Shs. 31,360) and Shs. 49,175 for Garton (1989/90 Shs. 30,200). The discrepancy in the Kakuzi and Garton prices was not due to quality, which remained good throughout, but to the proportions of crop falling into different Pool years and the timing of Coffee Board interim payments.

Kakuzi made an operating profit on coffee of Shs. 2.8 million compared to a loss of Shs. 0.2 million in 1989/90, and Garton a profit of Shs. 1.3 million compared to a loss of Shs. 0.7 million.

TEA

Production

Despite further losses from hail, and a poor close to the season due to exceptionally hot dry weather early in 1991, the estate crop increased by 7.5%, and there was also more bought leaf due to the temporary closure of a neighbouring factory. Quality has continued to be rather disappointing, and this has been attributed largely to Siret's 5 antique conventional tea driers. It has been decided to replace 3 of these in 1991/92 with a new fluid bed drier.

Sales

World tea crops in 1990 increased by 94,000 tonnes to an all time record level, and it is not surprising that Auction averages for Kenya teas sold in London declined from 123 to 112 p per kg, only 1 p higher than the average price in 1980. In the Mombasa Auctions the prices for Kenya teas increased from Shs. 31/34 to Shs. 34/20, but that was attributable to the sharp reduction in the value of the Kenya shilling during the year.

Siret's own teas sales averaged Shs. 32/24 per kg, as against Shs. 36/02 in 1989/90, and its operating profit was reduced from Shs. 30.5 to Shs. 23.4 million.

LIVESTOCK

More cattle were sold at a better price per head, many of them for export to the Middle East, but unfortunately the non availability in Kenya of a vital dipping chemical and the ineffectiveness of the substitute resulted in a serious outbreak of East Coast Fever in October and the death of 249 animals, and we lost a further 77 animals to trypanosomiasis. The pilot pig project has been kept going at a much reduced level, in the expectation that Lonrho's major investments in this field will lead to an assured supply of good quality feed and also improved breeding stock. Altogether the operating profits from our livestock operation were reduced from Shs. 1.62 million last year to Shs. 0.74 million.

HORTICULTURE

During the year a further 12 ha of passion fruit was planted and production increased rapidly from 52 to 184 tonnes, with the greater part of it exported to Europe as fresh fruit.

A joint venture agreement was concluded with Del Monte Kenya Limited for the planting of 607 ha of pineapples over the period of 1991 - 1993, and 104 ha was planted in January 1991. Water for irrigation will be supplied from the new Ngenya dam.

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Kakuzi Limited

CHAIRMAN'S STATEMENT *(Continued)*

STAFF AND MANAGEMENT

Mr. F. Hartmann, General Manager of Garton Ltd, retired in November 1990 and Garton's individual estate Managers now report to Kakuzi's Executive Director and Coffee Superintendent at Makuyu.

The operations of our wholly owned subsidiary Siret Tea Co Ltd, together with its assets and liabilities, have been transferred to the parent Company. Mr. J.S. Wakhungu, on secondment from Eastern Produce Africa Ltd, took over as Manager of Siret Estate from Mr. P.A. Traill.

PROFITS AND DIVIDENDS

As already mentioned the profit for the year attributable to Kakuzi's shareholders was reduced from Shs. 33,942,000 to Shs. 25,371,000, and with the cash constraints arising from the construction of the Ngenya dam and the joint venture with Del Monte Kenya Ltd, your Directors have decided it is prudent to recommend a reduced final dividend of 12% (1989/90 14%), making a total distribution of 20% (1989/90 22%), which is covered 1.94 times by the profits earned this year.

PROSPECTS

The coffee crop for 1991/92 is expected to be considerably better and by 31st July we had already harvested 1,224 tonnes of clean coffee at Kakuzi and Garton, compared to 1,152 tonnes in 1990. Ripening of the large early crop has been delayed by the cold overcast weather in July. The market remains fairly firm. The average price realised for the coffee sold in this Pool year's Auctions to date, is Shs. 48,740 per tonne, compared to Shs. 47,140 for the same period of last year's Pool, but this conceals the fact that the current price for the primary grades (in which we expect to place 85% of our production) is around Shs. 64,000 per tonne whereas last year it was under Shs. 50,000 at this time. Other growers are producing an increased proportion of off grades which sell for nearly Shs. 20,000 a tonne less. I believe our policy of maintaining our coffee fields in the best possible condition will eventually pay good dividends.

Siret estate's crop is well ahead of last year, but this is nearly offset by Kaboswa's deficit due to drought and hail, so tea from our own leaf is just 1% ahead of last year. Tea prices are a little stronger, and with world crops still below 1990 levels I am fairly optimistic about future trends. Passion fruit production should more than double this year and prices are firm. In 1992/93 we expect to see a substantial and steady income from pineapples. A further 111 ha of pineapples was planted in July and trials of other horticultural crops continue and look promising. We also plan to embark on a major afforestation project to produce fuel and timber for which in the long term there must be a great demand in this area.

1990/91 was not an easy year for our management staff and other employees but steady progress was made and we are grateful to them all for their continuing efforts and loyalty to the Company.

C.A. GARDNER

Chairman

Nairobi

5th August 1991.

Kakuzi Limited

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28TH FEBRUARY 1991

The directors have pleasure in presenting their report together with the accounts for the year ended 28th February 1991.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries are the growing and processing of coffee and tea, cattle ranching and horticulture, all in Kenya.

DIRECTORS

The directors who held office since 1st March 1990 are listed below together with their interests in the share capital of the company:

	Number of stock units held at 28.2.1991		Number of stock units held at 28.2.1990	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
C.A. Gardner	7,835	2	-	2
F.R. Bibby	150	-	150	-
P.C.B. Benson	296	-	296	-
Sir Charles Markham	2,368	-	2,368	-
Dr. B.M. Gecaga	7,136	-	7,136	-
M.C. Perkins	-	200	-	200

Mr. C.A. Gardner has purchased a further 2,992 stock units since 28th February 1991.

Mr. M.C. Perkins retires by rotation and, being eligible, offers himself for re-election.

Mr. P.C.B. Benson, having attained the age of 70 years, retires in accordance with Section 186(2) of the Companies Act (Cap. 486), but seeks re-election under the provisions of Section 186(5) of the said Act.

None of the directors had a material interest in any contract of significance during or at the end of the financial year.

RESULTS AND DIVIDENDS

The results for the year are shown on page 9 of these accounts. An interim dividend of 8% (1990 - 8%) amounting to Shs 5,226,666 (1990 - Shs 5,226,666) was declared payable on 28th March 1991. The directors recommend a final dividend of 12% (1990 - 14%) amounting to Shs 7,840,000 (1990 - Shs 9,146,666), payable on 15th October 1991.

Kakuzi Limited

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28TH FEBRUARY 1991 *(Continued)*

RESERVES

The movements in reserves are shown in notes 13 and 14 of the notes to these accounts.

SUBSTANTIAL INTERESTS

The following were the substantial interests in the issued capital of the company:

- (i) Linton Park PLC (formerly Eastern Produce (Holdings) PLC) and subsidiaries held 42.83% (1990 - 34.19%). Lawrie Group PLC is deemed to be interested in these stock units by virtue of its shareholding in Linton Park PLC. Camellia Investments PLC is deemed to be interested in these stock units by virtue of its shareholding in Lawrie Group PLC.
- (ii) Kenya Reinsurance Corporation has an interest of 5.70% (1990 - 5.70%).

AUDITORS

Gill & Johnson have indicated their willingness to continue in office in accordance with section 159 (2) of the Companies Act.

APPROVAL OF ACCOUNTS

The accounts were approved at a meeting of directors held on 25th June 1991.

By Order of The Board
EASTERN PRODUCE KAKUZI SERVICES LIMITED
Secretaries

Nairobi
25th June 1991

Kakuzi Limited

REPORT OF THE AUDITORS TO THE MEMBERS OF KAKUZI LIMITED

We have examined the accounts on pages 9 to 20 and have obtained all the information and explanations considered necessary for our audit.

In our opinion:

1. Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.
2. The accounts, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 28th February 1991 and of the profit and source and application of funds of the group for the year ended on that date.

GILL & JOHNSON

Certified Public Accountants (Kenya)

Nairobi.

26th July 1991

Kakuzi Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY 1991

	Note	1991 Shs '000	1990 Shs '000
OPERATING PROFIT	2	26,023	44,403
INVESTMENT AND OTHER INCOME	3	<u>3,200</u>	<u>7,117</u>
PROFIT BEFORE TAXATION		29,223	51,520
TAXATION	4	<u>3,338</u>	<u>17,760</u>
PROFIT AFTER TAXATION		25,885	33,760
MINORITY INTEREST		<u>(514)</u>	<u>182</u>
PROFIT ATTRIBUTABLE TO KAKUZI LIMITED	5	25,371	33,942
DIVIDENDS	6	<u>13,067</u>	<u>14,373</u>
RETAINED PROFIT FOR THE YEAR	14	<u>12,304</u>	<u>19,569</u>
EARNINGS PER STOCK UNIT	7	<u>Shs 1.94</u>	<u>Shs 2.60</u>

Kakuzi Limited

CONSOLIDATED BALANCE SHEET 28TH FEBRUARY 1991

	Note	1991 Shs '000	1990 Shs '000
FIXED ASSETS	8	379,244	367,651
INVESTMENTS	9	1,979	1,979
CURRENT ASSETS			
Stocks and stores	10	58,180	63,711
Coffee proceeds receivable		9,463	8,149
Debtors		13,489	10,155
Taxation recoverable		1,597	-
Short term deposits		38,013	32,000
Bank balances and cash		3,036	2,172
		<u>123,778</u>	<u>116,187</u>
CURRENT LIABILITIES			
Creditors	11	30,694	31,654
Taxation		330	14,439
Dividends (gross)		13,067	14,373
Loan repayable within one year	15	3,585	-
		<u>47,676</u>	<u>60,466</u>
NET CURRENT ASSETS		<u>76,102</u>	<u>55,721</u>
		<u>457,325</u>	<u>425,351</u>
Financed by:			
SHARE CAPITAL	12	65,333	65,333
CAPITAL RESERVE	13	113,384	136,235
REVENUE RESERVE	14	243,426	208,271
		<u>422,143</u>	<u>409,839</u>
MINORITY INTEREST IN SUBSIDIARY		16,026	15,512
LOAN (secured)	15	19,156	-
		<u>457,325</u>	<u>425,351</u>

C.A. Gardner	} Directors
F.R. Bibby	

Kakuzi Limited

COMPANY BALANCE SHEET 28TH FEBRUARY 1991

	Note	1991 Shs '000	1990 Shs '000
FIXED ASSETS	8	352,565	274,555
INVESTMENTS	9	9,963	9,260
CURRENT ASSETS			
Stocks and stores	10	55,903	32,956
Coffee proceeds receivable		4,079	2,926
Debtors		12,765	6,285
Amounts due by subsidiary companies		264	21,299
Taxation recoverable		1,502	-
Short term deposits		34,013	5,000
Bank balances and cash		2,597	1,378
		<u>111,123</u>	<u>69,844</u>
CURRENT LIABILITIES			
Creditors	11	29,716	25,696
Amounts due to subsidiary companies		8,289	-
Taxation		-	1,182
Dividends (gross)		13,067	14,373
Loan repayable within one year	15	3,585	-
		<u>54,657</u>	<u>41,251</u>
NET CURRENT ASSETS		<u>56,466</u>	<u>28,593</u>
		<u>418,994</u>	<u>312,408</u>
Financed by:			
SHARE CAPITAL	12	65,333	65,333
CAPITAL RESERVE	13	99,131	99,131
REVENUE RESERVE	14	235,374	147,944
SHAREHOLDERS' FUNDS		<u>399,838</u>	<u>312,408</u>
LOAN (secured)	15	19,156	-
		<u>418,994</u>	<u>312,408</u>

C.A. Gardner	} Directors
F.R. Bibby	

Kakuzi Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS OF THE GROUP FOR THE YEAR ENDED 28TH FEBRUARY 1991

	1991 Shs '000	1990 Shs '000
SOURCE OF FUNDS		
Profit before taxation	29,223	51,520
Adjustment for items not involving the movement of funds:		
Depreciation	11,382	9,417
Profit on sale of fixed assets	(517)	(10,454)
FUNDS GENERATED FROM OPERATIONS	40,088	50,483
FUNDS FROM OTHER SOURCES		
Proceeds on sale of fixed assets	710	16,792
Proceeds on redemption of loan stock	-	144
Loan received	25,000	-
	65,798	67,419
APPLICATION OF FUNDS		
Purchase of fixed assets	23,168	93,686
Dividends paid:		
Parent company shareholders	13,944	12,791
Minority shareholder	-	1,960
Taxation paid	19,044	26,290
Loan repayment	2,259	-
	58,415	134,727
NET INFLOW/(OUTFLOW) OF FUNDS	7,383	(67,308)
MOVEMENTS IN WORKING CAPITAL		
Stocks and stores	(5,531)	20,226
Debtors and coffee proceeds receivable	4,648	(14,864)
Creditors	1,389	(11,030)
	506	(5,668)
Movement in liquid funds:		
Short term deposits	6,013	(61,122)
Bank balances and cash	864	(518)
INCREASE/(DECREASE) IN WORKING CAPITAL	7,383	(67,308)

Kakuzi Limited

STATEMENT OF GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 28TH FEBRUARY 1991

BASIS OF ACCOUNTING

The group prepares its accounts on the historical cost basis of accounting modified to include, where appropriate, the revaluation of certain fixed assets.

CONSOLIDATION

The consolidated accounts comprise the accounts of the parent company and all subsidiaries for the year ended 28th February.

ASSOCIATED COMPANIES

An associate is a company in which the group interest is more than 20% and not more than 50% and where significant commercial and financial influence is exercised.

TURNOVER

Coffee turnover is based on actual amounts received to 31st May 1991. Tea turnover is based on gross produce proceeds and other sales are based on invoiced values.

DEPRECIATION

The basis of depreciation is to write off the cost or valuation of fixed assets evenly over their estimated useful lives at the following annual rates:

Leasehold land	Over the period of leases
Buildings, dams, water supply and fencing	2% to 20%
Plant, machinery and tools	7.5%
Motor vehicles, tractors, trailers and implements	10% to 25%
Furniture, fittings and equipment	12.5%

No depreciation is provided on agricultural development other than specific horticultural development where the production life cycle of the crop is used as the period of depreciation. The costs of replanting and upkeep of developed areas are charged to revenue.

STOCKS AND STORES

Tea stocks are stated at prices subsequently realised or at estimated net realisable value. This basis is not in agreement with generally accepted accounting practice as, in the opinion of the directors, it is more appropriate that the results of the year reflect those of the season's crop.

Livestock and other stocks are stated at the lower of cost and net realisable value. Cost, where appropriate, includes an element of overheads.

TAXATION

Current taxation is provided on the basis of the results for the year as shown in the accounts, adjusted in accordance with the tax legislation.

Deferred taxation is provided using the liability method on timing differences where, in the opinion of the directors, there is reasonable probability that such timing differences will reverse in the foreseeable future.

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1991

1. CURRENCY

The accounts are expressed in Kenya currency.

2. TURNOVER AND OPERATING PROFIT

	Turnover		Operating profit/(loss)	
	1991	1990	1991	1990
	Shs '000	Shs' 000	Shs '000	Shs' 000
Kakuzi: Coffee	56,018	49,718	2,824	(196)
Tea	87,020	-	23,382	-
Livestock	9,184	6,924	736	1,620
Other crops	2,883	927	(640)	(1,577)
Other operating (loss)/income	-	-	(1,588)	14,782
	<u>155,105</u>	<u>57,569</u>	<u>24,714</u>	<u>14,629</u>
Siret: Tea	-	66,550	-	30,460
Garton: Coffee	<u>14,530</u>	<u>12,864</u>	<u>1,309</u>	<u>(686)</u>
Total:	<u>169,635</u>	<u>136,983</u>	<u>26,023</u>	<u>44,403</u>

Turnover of coffee includes proceeds received after 31st May 1990 in respect of the previous year's production:

Kakuzi	Shs 2,705,880 (1990 - Shs 902,640)
Garton	Shs 5,236,520 (1990 - Shs 1,827,620)

Operating profit is stated after charging:

	1991		1990	
	Group	Company	Group	Company
	Shs '000	Shs '000	Shs '000	Shs '000
Directors' remuneration:				
Fees	259	238	259	180
Pensions	240	239	174	174
Past director's pension	20	20	20	20
Other	650	643	546	541
Depreciation	11,382	10,185	9,417	5,896
Auditors' remuneration	937	795	731	439
Loan interest	3,789	3,789	-	-
and after crediting:				
Profit on sale of fixed assets	<u>517</u>	<u>456</u>	<u>10,454</u>	<u>10,283</u>

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1991 *(Continued)*

	1991 Shs '000	1990 Shs '000
3. INVESTMENT AND OTHER INCOME		
Interest receivable	3,130	7,027
Income from trade investments	<u>70</u>	<u>90</u>
	<u>3,200</u>	<u>7,117</u>

4. TAXATION

CURRENT TAXATION

The charge comprises:

Income tax at 40% (1990 - 42.5%) on the taxable profit for the year	<u>3,338</u>	<u>17,760</u>
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The tax charge is mainly in respect of investment and rental income. At 28th February 1991 there were business tax losses amounting to Shs 34,544,000 to be carried forward (1990 - Shs 26,540,000).

DEFERRED TAXATION

The amount of potential deferred tax asset not provided in the group accounts is Shs 13,924,260 (1990 - Shs 10,715,120).

5. PROFIT ATTRIBUTABLE TO KAKUZI LIMITED

A profit of Shs 100,497,660 (1990 - Shs 35,307,600) has been dealt with in the accounts of Kakuzi Limited.

	1991 Shs '000	1990 Shs '000
6. DIVIDENDS		
Dividends are shown gross and comprise:		
Interim	5,227	5,227
Final (proposed)	<u>7,840</u>	<u>9,146</u>
	<u>13,067</u>	<u>14,373</u>

7. EARNINGS PER STOCK UNIT

Earnings per stock unit are the profits attributable to each of the 13,066,666 stock units of Shs 5 each in issue on 28th February 1991 based on the consolidated profit after tax, after deducting the minority shareholder's interest in a subsidiary.

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1991 *(Continued)*

8. FIXED ASSETS

GROUP	Leasehold land, buildings, improvements, dams and development Shs '000	Plant, machinery and tools Shs '000	Motor vehicles, tractors, trailers and implements Shs '000	Furniture, fittings and equipment Shs '000	Total Shs '000
COST OR VALUATION					
At 1st March 1990	400,812	10,527	26,525	4,946	442,810
Additions	18,316	205	4,605	42	23,168
Disposals	-	(48)	(1,558)	(121)	(1,727)
At 28th February 1991	419,128	10,684	29,572	4,867	464,251
Comprising:					
Cost	257,072	7,609	27,757	4,233	296,671
Valuation - 1978	162,056	3,075	1,815	634	167,580
	419,128	10,684	29,572	4,867	464,251
DEPRECIATION					
At 1st March 1990	45,595	7,624	18,823	3,117	75,159
Charge for the year	6,989	785	3,190	418	11,382
Disposals	-	(43)	(1,395)	(96)	(1,534)
At 28th February 1991	52,584	8,366	20,618	3,439	85,007
NET BOOK VALUE					
At 28th February 1991	366,544	2,318	8,954	1,428	379,244
At 28th February 1990	355,217	2,903	7,702	1,829	367,651

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1991 *(Continued)*

8. FIXED ASSETS *(Continued)*

COMPANY

	Leasehold land, buildings, improvements, dams and development Shs '000	Plant, machinery and tools Shs '000	Motor vehicles, tractors, trailers and implements Shs '000	Furniture, fittings and equipment Shs '000	Total Shs '000
COST OR VALUATION					
At 1st March 1990	293,260	2,736	19,110	3,955	319,061
On acquisition of Siret division	75,068	5,778	3,863	502	85,211
Additions	18,256	36	4,606	26	22,924
Disposals	-	(48)	(1,342)	(121)	(1,511)
At 28th February 1991	<u>386,584</u>	<u>8,502</u>	<u>26,237</u>	<u>4,362</u>	<u>425,685</u>
Comprising:					
Cost	247,313	6,945	24,671	3,902	282,831
Valuation - 1978	<u>139,271</u>	<u>1,557</u>	<u>1,566</u>	<u>460</u>	<u>142,854</u>
	<u>386,584</u>	<u>8,502</u>	<u>26,237</u>	<u>4,362</u>	<u>425,685</u>
DEPRECIATION					
At 1st March 1990	27,309	1,965	12,867	2,365	44,506
On acquisition of Siret division	12,250	3,994	3,217	329	19,790
Charge for the year	6,285	630	2,878	392	10,185
Disposals	-	(43)	(1,222)	(96)	(1,361)
At 28th February 1991	<u>45,844</u>	<u>6,546</u>	<u>17,740</u>	<u>2,990</u>	<u>73,120</u>
NET BOOK VALUE					
At 28th February 1991	<u>340,740</u>	<u>1,956</u>	<u>8,497</u>	<u>1,372</u>	<u>352,565</u>
At 28th February 1990	<u>265,951</u>	<u>771</u>	<u>6,243</u>	<u>1,590</u>	<u>274,555</u>

The properties owned by the group and the company are held as leasehold with an unexpired period in excess of 900 years, with the exception of two properties, one of which was revalued at Shs 9,000,000 and has an unexpired period of 63 years, and another which cost Shs 1,545,000 and has an unexpired period of 75 years.

In accordance with the group accounting policy certain assets have not been depreciated. These amount to:

1991		1990	
Group Shs '000	Company Shs '000	Group Shs '000	Company Shs '000
<u>88,241</u>	<u>56,304</u>	<u>86,422</u>	<u>46,636</u>

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1991 *(Continued)*

	1991		1990	
	Group Shs '000	Company Shs '000	Group Shs '000	Company Shs '000
9. INVESTMENTS				
Shares in subsidiary companies at cost	-	8,173	-	8,173
Shares in associated companies at cost	800	800	800	800
Other investments — all at cost:				
Unquoted:				
Kenya Transit and Trading Company Limited (Directors' valuation 1991 and 1990 Shs 600,000)	561	561	561	-
Trade:				
Ketepa loan	142	142	142	-
Kenya Planters' Co-operative Union Limited loan stock	476	287	476	287
	<u>1,979</u>	<u>9,963</u>	<u>1,979</u>	<u>9,260</u>

The investments in the associated companies consist of a 40% (1990 - 40%) interest in Estates Services Limited and a 50% (1990 - 50%) interest in Eastern Produce Kakuzi Services Limited, both of which operate in Kenya. In view of the immateriality of the amounts involved, the results of the associated companies are not incorporated in the consolidated accounts.

	1991		1990	
	Group Shs '000	Company Shs '000	Group Shs '000	Company Shs '000
10. STOCKS AND STORES				
Tea	15,063	15,063	22,453	-
Livestock	13,113	13,113	14,944	14,661
General stores	29,746	27,469	26,314	18,295
Tea and tree nursery plants	258	258	-	-
	<u>58,180</u>	<u>55,903</u>	<u>63,711</u>	<u>32,956</u>

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1991 *(Continued)*

11. CREDITORS

Creditors at 28th February 1991 include Shs 10,571,840 (1990 - Shs 10,142,620) representing that part of the interim and final dividends for the years ended 28th February 1989 and 28th February 1990 payable to non-resident shareholders pending receipt of approval from the Central Bank of Kenya.

	1991 Shs '000	1990 Shs '000
12. SHARE CAPITAL		
Authorised:		
20,000,000 shares of Shs 5 each	<u>100,000</u>	<u>100,000</u>
Issued and converted into stock:		
13,066,666 units of Shs 5 each fully paid	<u>65,333</u>	<u>65,333</u>

	1991 Group Shs '000	Company Shs '000
13. CAPITAL RESERVE		
At 1st March 1990	136,235	99,131
Transfer to revenue reserve of revaluation surplus realised on sale of fixed assets	<u>(22,851)</u>	<u>-</u>
At 28th February 1991	<u>113,384</u>	<u>99,131</u>

14. REVENUE RESERVE

At 1st March 1990	208,271	147,944
Transfer from capital reserve of revaluation surplus realised on sale of fixed assets	<u>22,851</u>	<u>-</u>
Retained profit for the year	<u>12,304</u>	<u>87,430</u>
At 28th February 1991	<u>243,426</u>	<u>235,374</u>

Kakuzi Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 1991 *(Continued)*

	1991		1990	
	Group Shs '000	Company Shs '000	Group Shs '000	Company Shs '000
15. LOAN				
Secured bank loan repayable in monthly instalments by 1995, interest at market rates	22,741	22,741	-	-
Less: repayable within one year	<u>3,585</u>	<u>3,585</u>	<u>-</u>	<u>-</u>
	<u>19,156</u>	<u>19,156</u>	<u>-</u>	<u>-</u>
16. CAPITAL COMMITMENTS				
Contracts for capital expenditure not provided for	<u>6,834</u>	<u>6,834</u>	<u>3,000</u>	<u>3,000</u>
Authorised by the respective board of directors but not contracted for	<u>7,232</u>	<u>7,232</u>	<u>23,000</u>	<u>21,000</u>

Kakuzi Limited

FORM OF PROXY (ANNUAL GENERAL MEETING)

I/We
ofbeing a member/members of Kakuzi
Limited, do hereby appoint
or failing him, the duly appointed Chairman of the meeting to be my/our Proxy, to vote for
me/us at the Annual General Meeting of the Company to be held at the Tinga Tinga Room,
The Norfolk Hotel, Harry Thuku Road, Nairobi, Kenya on the Eleventh day of October 1991
and at any adjournment thereof.

As witness my/our hand(s) this day of 1991

Signature

Unless otherwise indicated, the Proxy will vote as he/she thinks fit.

Notes:

- (1) In the case of joint holders, only one need sign as the vote of the senior holder who tenders a vote will alone be counted. Seniority will be determined by the order in which the names appear in the Register of Members. The names of all the joint holders should be stated.
- (2) If the appointor is a corporation, the Proxy must be executed under its common seal or under the hand of an Officer or Attorney duly authorised in writing.
- (3) To be valid, this proxy must be deposited at the Registered Office of the Company not less than 24 hours before the time appointed for holding the meeting.

FOLD 2

STAMP

**The Secretaries,
Kakuzi Limited,
P.O. Box 30572,
NAIROBI,
Kenya.**

FOLD 1

FOLD 3

INSERT FLAP INSIDE